

Message Text

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67

ACTION EUR-25

INFO OCT-01 IO-14 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10

L-03 NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03 SS-20

USIA-15 AID-20 COME-00 EB-11 FRB-02 TRSE-00 XMB-07

OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01 AGR-20 STR-08

DRC-01 /205 W

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R 061602Z JUN 74

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 1021

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION EC BRUSSELS

USMISSION OECD PARIS

USMISSION GENEVA

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E.O. 11652: N/A

TAGS: EGEN, EEC, UK

SUBJECT: PRESS COMMENT ON CALLAGHAN'S STATEMENT TO EC
COUNCIL OF MINISTERS

1. COMMENT BY LONDON'S QUALITY PRESS ON FOREIGN
SECRETARY CALLAGHAN'S JUNE 4 STATEMENT TO EC COUNCIL
OF MINISTERS IN LUXEMBOURG WAS UNIFORMLY FAVORABLE.
MAJOR PAPERS CONTRASTED RELATIVELY CONCILIATORY TONE
OF JUNE 4 STATEMENT WITH THE MORE STRIDENT AND DEMAND-
ING TENOR OF CALLAGHAN'S APPROACH WHEN LABOUR GOVERNMENT
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CAME INTO OFFICE THREE MONTHS AGO. WHILE COMMENDING THE

TONE OF CALLAGHAN'S SPEECH, QUALITY PRESS NEVERTHELESS NOTED THAT UK DOES HAVE LEGITIMATE DEMANDS AND THAT SATISFYING THEM WOULD IN THE LONG RUN BENEFIT NOT ONLY BRITAIN BUT EC AS A WHOLE. PRESS UNANIMOUS IN AGREEING THAT SIZE OF UK'S CONTRIBUTION TO COMMUNITY BUDGET IS MOST FUNDAMENTAL ISSUE. THREE OTHER MATTERS OF SIGNIFICANCE ARE COMMON AGRICULTURAL POLICY, IMPROVEMENTS FOR COMMONWEALTH COUNTRIES' TRADE AND AID, AND ASSURANCES ON REGIONAL AND INDUSTRIAL POLICY.

2. "TIMES" IN EDITORIAL SAID CALLAGHAN'S STATEMENT WAS "EXTREMELY IMPORTANT ONE, EVEN HISTORICAL" AND THAT WHAT HE HAD TO SAY WILL DETERMINE ONE WAY OR THE OTHER WHETHER BRITAIN REMAINS A MEMBER OF EC. EDITORIAL UNDERSCORED THAT LABOUR GOVERNMENT WANTS EC TO GIVE POSITIVE RESPONSE TO ORDER THAT UK MAY STAY IN. TIMES WENT ON TO SAY THAT CHANGE IN TONE IS NOT QUITE SO SHARP AS IT APPEARS INASMUCH AS LABOUR HAS NEVER BEEN ANTI-EUROPE. WHAT HAS CHANGED IS THAT LABOUR HAS BEEN IN OFFICE LONG ENOUGH THAT ITS OWN CONDITIONS HAVE BEEN BROUGHT INTO CLEAR FOCUS. "TIMES" ARTICLE CONCLUDED WITH OBSERVATION THAT MEMBERS OF COMMUNITY MAY WITH JUSTICE ACCUSE UK OF BEING SOMEWHAT UNRELIABLE ON EUROPEAN MATTERS BUT THEY SHOULD REALIZE THAT SO FAR AS THE BUDGET IS CONCERNED A MORE EQUITABLE ARRANGEMENT FOR BRITAIN IS ESSENTIAL.

3. "FINANCIAL TIMES" NOTED THAT CALLAGHAN'S SPEECH APPEARS TO CONFIRM FEELING THAT LABOUR ANXIOUS RENEGOTIATE TERMS OF BRITISH MEMBERSHIP FROM INSIDE RATHER THAN TO BRANDISH EMPTY THREAT OF WITHDRAWAL. ARTICLE NOTED FURTHER THAT WHILE CALLAGHAN REFRAINED FROM PUTTING FORTH ANY PARTICULAR SOLUTION OF HIS OWN, HE SUGGESTED THAT ONE CAN BE FOUND WITHIN THE FRAMEWORK OF THE EXISTING TREATIES AND THAT IT COULD BE OF BENEFIT TO ALL MEMBERS, NOT TO BRITAIN ALONE. EDITORIAL FINALLY NOTED THAT CALLAGHAN HAS SOUGHT NOT MERELY TO DISCHARGE HIS PARTY'S ELECTION MANIFESTO BUT TO ACKNOWLEDGE POTENTIAL VALUE TO UK OF MEMBERSHIP IN EC.

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4. "GUARDIAN" ASSERTED THAT CALLAGHAN HAS PERSUADED THE EIGHT THAT CASE EXISTS FOR RE-EXAMINATION OF EEC'S BUDGETARY ARRANGEMENT AND THAT CASE IS STRONG ENOUGH TO WARRANT FULL SCALE INVESTIGATION. THIS, IT CONTINUED, IS START OF REAL RENEGOTIATION. COMMUNITY HAS SHOWN IT IS READY TO BE FLEXIBLE IN CHANGING WORLD AND THIS AMOUNTS TO PROGRESS IN ITSELF. "DAILY TELEGRAPH" FOLLOWED LINE OF OTHER PAPERS IN NOTING

CALLAGHAN'S "SWEETLY REASONABLE TONES" AND JUSTICE OF HIS ARGUMENTS ABOUT BUDGETARY COSTS. ARTICLE NOTED THAT CAP AS IT STANDS IS MORE GEARED TO SUBSIDIZING THE INEFFICIENT THAN IT IS TO ENCOURAGING MODERN EFFICIENT FARMING. "TELEGRAPH" ADMITTED, HOWEVER, THAT, SINCE FINANCIAL PROJECTIONS ARE INVOLVED, IT IS DIFFICULT TO ASSESS STRENGTH OF MR. CALLAGHAN'S CASE REGARDING CONTRIBUTIONS TO COMMUNITY BUDGET.

5. ON BALANCE, LEADING PAPERS SEEM TO REGARD CALLAGHAN'S STATEMENT AS GENUINE MOVE TOWARD SECURING BETTER TERMS FOR UK WITHOUT IMMEDIATE THREAT OF WITHDRAWAL. ANNENBERG

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